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13 **UNITED STATES DISTRICT COURT**

14 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

15 Hiscox Insurance Company,
16 Plaintiff,
17 vs.
18 The Perfect Event, Inc.,
19 Defendant.

20 Case No. 2:24-cv-10852

21 **COMPLAINT FOR
22 DECLARATORY JUDGMENT**

23 Plaintiff Hiscox Insurance Company (“Hiscox”), for its Complaint for
24 Declaratory Judgment, alleges as follows:

25 **JURISDICTION AND VENUE**

26 1. This is an action for declaratory judgment pursuant to Federal Rule of
27 Civil Procedure 57 and 28 U.S.C. section 2201.

28 2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. section
29 1332(a), as this action is between citizens of different states and the amount in
30 controversy exceeds \$75,000.

31 3. Venue is proper in this District pursuant to 28 U.S.C. section 1391 as a
32 defendant resides in this District.

THE PARTIES

4. Plaintiff Hiscox Insurance Company (“Hiscox”) is a corporation
 5. organized under the laws of the State of Illinois and with its principal place of
 6. business in the State of Illinois.

5. Defendant The Perfect Event, Inc. (“TPE”) is a corporation organized
 6. under the laws of the State of California with its principal place of business in the
 7. State of California.

NATURE OF THE CLAIM

6. Hiscox issued a package policy to TPE for the period September 6, 2019,
 7. to September 6, 2020 (Policy No. MPL2043572.19) (the “Policy”). A copy of the
 8. Policy, with premium information redacted, is attached hereto as Exhibit A.

7. Hiscox seeks a judgment declaring that the Policy provides no coverage
 8. to TPE for insurance claims made in connection with a lawsuit pending before the
 9. Superior Court of California, captioned *Jane Doe v. Sigma Alpha Mu Fraternity et al.*,
 10. Case No. 21STCV46495 (the “underlying action”).

FACTUAL BACKGROUND

The Underlying Action

8. TPE provided security guards and event staffs pursuant to a subcontract
 9. with Sigma Alpha Mu Fraternity (“SAM”) for a party hosted by SAM on or about
 10. January 25, 2020 at 904 West 28th Street, Los Angeles, California (the “subject
 11. property”).

9. In the underlying action, plaintiff Jane Doe alleges that Peter Hwang
 10. sexually assaulted and raped her during the party. The underlying plaintiff alleges that
 11. SAM was negligent in failing to manage and maintain the subject property safely, and
 12. that she was raped due to SAM’s failure to provide safe environment at the subject
 13. property. Based on these allegations, the underlying plaintiff asserts negligence,
 14. assault, battery, and negligent and intentional infliction of emotional distress claims
 15. against SAM, its related entities, and Hwang.

1 10. SAM filed a cross-complaint against TPE in the underlying action
 2 alleging that TPE was responsible for providing and ensuring a safe environment
 3 during the party and asserts claims for indemnification, apportionment of fault,
 4 declaratory relief and negligence claims against TPE.

5 **Hiscox Policy**

6 11. The Policy affords Security Services Professional Liability coverage and
 7 General Liability coverage.

8 12. The insuring agreement in the General Liability Coverage Part provides
 9 specified coverage for bodily injury that occurs during the policy period.

10 13. Under the General Liability Coverage Part of the Policy, coverage is
 11 precluded for bodily injury or property damage based upon or arising out of your
 12 actual or alleged performance of or failure to perform “professional services,” which
 13 the Policy defines to include “services identified as Covered Professional Services in
 14 the Declarations.” The Policy’s Declarations identify Covered Professional Services
 15 as “event planning services and solely as defined in the Security Services Professional
 16 Liability Coverage Part.” The Security Services Professional Liability Coverage Part
 17 provides:

18 **Security services** means:

- 19 1. the services customarily performed by a security guard,
 20 watchperson, ... or other individual employed in the
 21 private security industry, which, for purposes of this
 22 policy, means services performed in connection with
 23 guarding and protection people, property, or other
 24 assets
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26

27 14. The Policy contains the following insuring agreement for Security
 28 Services Professional Liability Part:

29 **We will pay up to the coverage part limit for damages and**
 30 **claim expenses** in excess of the **retention** for covered **claims**
 31 **against you** alleging a negligent act, error, or omission in
 32 **your security services** performed on or after the **retroactive**
 33 **date**

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2 provided the **claim** is first made against **you** during the **policy**
 3 **period** and is reported to **us** in accordance with Section V.
 Your obligations.

4 15. The Security Services Professional Liability Part contains the following
 5 Sexual Misconduct Exclusion,¹ which provides:

6 We will have no obligation to pay any sums under this
 7 Coverage Part, including any **damages** or **claim expenses**,
 for any **claim**:

8 22. Based upon or arising out of any actual, alleged, or
 9 threatened abuse, molestation, harassment,
 10 mistreatment, or maltreatment of a sexual nature,
 11 including the negligent employment, investigation,
 12 supervision, training, or retention of a person who
 commits such conduct, or the failure to report such
 conduct to the proper authorities; however, this
 exclusion will not apply to the extent any claim is
 covered under Section I of this Endorsement.

13 16. The Policy contains a Sexual Abuse/Misconduct Sublimit Endorsement
 14 (Endorsement 12), which provides:

15 We will pay **damages** and **claim expenses** up to the sublimit
 16 stated below for any **claim** against **you** alleging sexual
 17 misconduct, sexual abuse, and/or child abuse by any person
 for whom **you** are legally responsible, provided the **claim** is
 first made against **you** during the **policy period**

FIRST CLAIM FOR RELIEF

Declaratory Relief

20 17. Hiscox incorporates herein by reference the allegations set forth in
 21 Paragraphs 1 through 16, inclusive.

22 18. In the underlying action, the plaintiff's claims against TPE arise out of
 23 TPE's performance of or failure to perform "professional services" as the term is
 24 defined in the Policy, and thus, coverage under the General Liability Coverage Part is
 25 precluded by Professional Services exclusion.

26
 27 ¹ This exclusion is cited as modified by Sexual Abuse/Misconduct Sublimit Endorsement
 28 (Endorsement 12).

19. The underlying plaintiff's claims against SAM and TPE are for "bodily injury" arising out of any actual, alleged, or threatened abuse, molestation, harassment, mistreatment, or maltreatment of a sexual nature. As a result, the underlying plaintiff's claims against TPE are precluded from coverage under the Security Services Professional Liability Coverage Part by the Sexual Misconduct exclusion.

20. An actual and justiciable controversy exists concerning the rights and obligations of the parties under the Policy regarding SAM's cross-complaint against TPE in the underlying action.

21. All parties have a claim or interest in the outcome of the declaratory relief sought by this action.

22. Hiscox is entitled to a judicial declaration that it has no obligations for TPE under the Policy regarding the underlying action.

PRAYER

WHEREFORE, Hiscox prays for judgment as follows:

- a. That the Court declare and adjudge that there is no coverage or potential for coverage for the underlying action under the General Liability Coverage Part in the Policy because the Professional Services exclusion precludes coverage;
 - b. That the Court declare and adjudge that there is no coverage or potential for coverage for the underlying action under the Security Services Professional Liability Coverage Part in the Policy because the Sexual Misconduct exclusion precludes coverage;
 - c. That the Court declare that Hiscox does not have any obligation to defend or indemnify TPE under the Policy regarding any claims raised in the underlying action;
 - d. For costs of suit; and
 - e. Such other further relief as this Court deems just and proper.

1 DATED: December 17, 2024

KENNEDYS CMK LLP

2 By: /s/ Michael W. Melendez

3 MICHAEL W. MELENDEZ

4 ZINA YU

5 Attorneys for Plaintiff

6 HISCOX INSURANCE COMPANY

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